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SIPDIS

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TAGS: [EFIN](#) [BE](#)

SUBJECT: BELGIUM'S VIEWS ON AFFECTS OF THE FINANCIAL CRISIS
ON CENTRAL AND EASTERN EUROPE

REF: STATE 23758

Classified By: POL/ECON COUNSELOR Richard Eason, Reason 1.4 (b) and (d)

¶1. (C) Chief of Staff to the Belgian Finance Minister Olivier Henin told POL/ECON Counselor on March 31 Belgium has already made a number of commitments on a bilateral basis with respect to the financial crisis in Central and Eastern Europe. This is largely the result of the extensive interests of the Belgian bank KBC in the region. The Belgian government has guaranteed KBC credits in Eastern and Central Europe both to the public and the private sector. The commitments allow KBC to maintain exposure to loans to small and medium enterprises in particular. The credits benefit mainly Hungary but also the Czech Republic and Slovakia. KBC does little business in the Baltics.

¶2. (C) Henin said there have been EU discussions on the IMF role in the region. Belgium will support IMF interventions in the region. Henin explained that Belgium has a seat on the IMF Board and represents the following countries: Austria, Luxembourg, the Czech Republic, Slovakia, Slovenia, Hungary, Belarus, Kazakhstan and Turkey. Belgium does not want any changes in the make-up of the IMF Board and believes it is important to have both lender and borrower countries represented. Belgium also supports recapitalization of the IMF.

¶3. (C) Henin implied that, as the world's 15th largest economy, Belgium was disappointed not to be included in the G-20 meetings in London. Belgium does not believe the meetings will be able to solve anything because practical actions can only be taken by the IMF.

¶4. (SBU) Henin said Belgium will provide 2% of the recapitalization of the IMF while the large grouping of countries it represents on the board will provide a total of 5% of the recapitalization. Belgium will strongly support EU interventions to support Eastern and Central Europe as well. However, Belgium will be reluctant to support new members joining the eurozone, unless they are able to meet the already-established criteria for doing so. Anything less could put pressure on the euro.

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